



Comment on the Commentary of the Day

by

Donald J. Boudreaux

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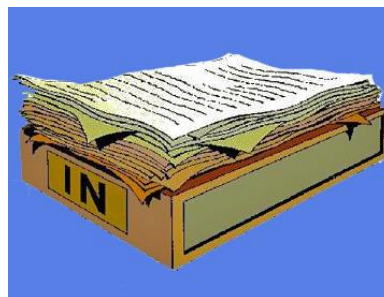
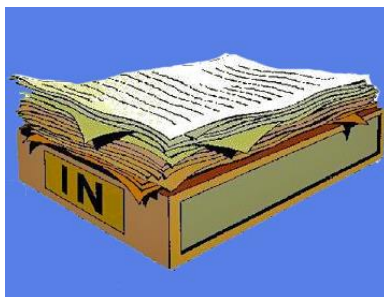
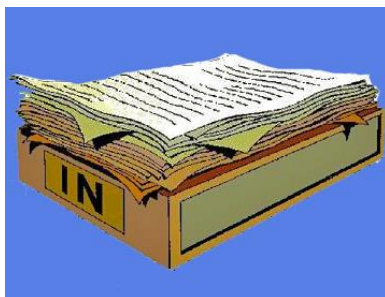
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Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, and if they are, they may require registration or subscription to access. Some of the articles being commented on are syndicated, therefore, they may also have appeared in other publications.

5 December 2015

Editor, *Washington Post*

Dear Editor:

To the several good reasons that George Will gives for why a valid case for progressive taxation is nonexistent (Dec. 6) should be added another offered by Thomas Sowell: "Those who want to 'spread the wealth' almost invariably seek to concentrate the power.... Which is more dangerous, inequalities of wealth or concentrations of power?"*

Entrepreneurial neighbor Smith who possesses a new Lamborghini, a gargantuan swimming pool, and a bulging Swiss bank account might, if I'm a shallow person, incite within me feelings of envy. But that's the worst that he can 'do' to me. Smith can never endanger me as can government-official neighbor Jones who possesses, not many material riches, but the power to harass neighbor Smith and to seize parts of Smith's wealth. And were I to applaud, or even to be indifferent to, Jones's exercise of power over Smith, I would thereby forfeit my moral standing to object when Jones - as he inevitably will - starts using his power to harass me and to seize parts of my wealth.

Sincerely,

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Professor of Economics

and

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* <http://cafehayek.com/2013/11/quotation-of-the-day-827.html>

12 December 2015

Editor, *Wall Street Journal*
1211 6th Ave.
New York, NY 10036

Dear Editor:

Your headline reads “Nations Unite in Global Deal on Climate Change” (Dec. 12). But that’s incorrect. A more accurate headline would be “Politicians from Nations Unite in Global Deal on Climate Change.”

This more-accurate headline helps to reveal the ugly underlying reality: government ‘leaders’ - duplicitous and opportunistic people who specialize in winning popularity contests called ‘elections,’ whose ideas of improving the world involve little more than ordering others around by threatening to cage or kill them, and who are notable as a group for possessing precious little understanding of economics or of commerce - are conspiring with each other to ensure that their citizens will be unable to escape any additional, costly, and counterproductive commands that are imposed upon them in the name of the environment.

We can only hope that the duplicity and opportunism of this conspiracy’s architects will ensure that it will unravel sooner rather than later.

Sincerely,
Donald J. Boudreaux
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16 December 2015

Mr. Jonathan Story

Dear Mr. Story:

You write: “I wonder if, given growing roboticization of work, whether job loss among the least skilled is going to happen in any event. Worrying over minimum wage is, it seems to me, trying to fight the previous war, when the real challenge will be what to do with the coming tsunami of displaced workers.”

It's easy for those of us who are not at risk of being priced out of work by minimum wages to dismiss as pointless any concerns that others have over the job-destroying effects minimum wages. But minimum wages aren't why I write. Instead, I write to suggest that it is mistaken to regard the "growing roboticization of work" as historically unprecedented. It has happened before, with no calamitous "tsunami of displaced workers."

In the U.S. in 1800 75 percent of jobs were on farms. Since then, there's been such a tremendous "roboticization" of agricultural jobs that today fewer than 1.5 percent of American workers work on farms.* Almost all agricultural jobs are today performed by robots – robots such as

- tractors and other motorized farm equipment
- chemical fertilizers and pesticides
- commercial and home refrigeration (which reduce food spoilage and, by allowing for long-distance shipment, encourage the use of more-productive economies of scale in farming and ranching);
- better packaging and storage (ditto)
- railroads, trucks, more and better roads, airplanes, and improved ocean shipping (which also encourage economies of scale in farming and ranching, as well as enable producers in the most ideal geographic locations for growing various foods to displace producers in less-ideal geographic locations);

A barrel of ammonium nitrate, a refrigerated railroad car, and a sturdier shipping crate might not be commonly called "robots," but economically their functions and effects are identical to those of 3D printers, computerized assembly lines, and delivery drones.

Sincerely,
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* http://www.bls.gov/emp/ep_table_201.htm

28 December 2015

Editor, *Wall Street Journal*
1211 6th Ave.
New York, NY 10036

Dear Editor:

William Pease rightly wants economists to consider the “broad, long-term impacts” of raising the minimum wage, but he wrongly understands those impacts (Letters, Dec. 28). For example, after acknowledging that some workers will be made unemployable by the minimum wage, he asserts that all low-skilled workers who manage to remain employed following a 10% minimum-wage hike will get a 10% raise. Unlikely. Because employers are ever-attentive to their bottom lines, not only will many of these still-employed workers find their hours reduced, they will also suffer more burdensome job demands as well as cuts in their fringe benefits.

Mr. Pease also ignores another broad, long-term impact of the minimum wage - one that economists have long noted - namely, the unemployment unleashed by the minimum wage is not random. Inner-city single moms without their own cars, or Hispanic immigrants who speak only broken English, are more likely to be priced out of work by the minimum wage than are suburban teens with their own cars and with plans to attend college after they graduate from their highly-ranked suburban high schools. The resulting broad, long-term impact, therefore, of the minimum wage is to further enhance the incomes and opportunities enjoyed by those who need them least by denying incomes and opportunity to those who need them most.

Sincerely,
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28 December 2015

Editor, *USA Today*

Dear Editor:

Chris Marvin believes that Uncle Sam has the moral authority to force his (and other Americans’) children into military or national “service” (“Draft our daughters,” Dec. 23).

How sad. How sad that a retired Army officer believes that filling the ranks of the military with people who have no wish to be in the military will “strengthen national security.” (Does Mr. Marvin also believe that filling the ranks of, say, physicians with people who have no wish to be physicians will strengthen medical care?) How sad that a father willingly grants to the state the power to dispose of his children’s lives against his children’s wishes. And how sad that an American finds in temporary enslavement “a nice reminder of what it means to be an American.” How very, very sad.

Sincerely,
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30 December 2015

Editor, *Wall Street Journal*
1211 6th Ave.
New York, NY 10036

Dear Editor:

Endorsing Social Security, David Robinson writes that “[t]here’s simply no way that a janitor could save enough in his working years to provide a decent retirement” (Letters, Dec. 30).

Let’s see. A janitor’s median annual salary today is \$26,586.* An 18-year old today who starts work as a janitor, who works until the full Social Security retirement age of 66, and who each year is paid this median salary can expect to receive, upon retirement in 2063, a monthly Social Security check for \$1,108.**

But suppose that this janitor is relieved of having to pay the now-required 6.2 percent of his wages - \$1,648.33 annually - into Social Security and, instead, he invests each year this sum into financial instruments that pay, on average, a real annual return of 5 percent, compounded monthly. Saving and investing no more than this sum each year during his work life, this janitor, when he retires at age 66, will own a pension worth \$337,591. Even assuming (unrealistically) that these funds earn no further returns for the rest of the retired janitor’s life, if this janitor lives for another 15 years, every month he can take from his retirement fund \$1,875.51 - or 69 percent *more* than the monthly

amount that he would instead have received from Social Security. Looked at differently, in order for this janitor's monthly payment out of his private retirement account to fall short of the monthly payment he will get from Social Security, he would have to live beyond the age of 91.

The above calculation is conservative. Not only does it assume that the janitor's pension stops earning real returns the moment he retires, it assumes also that the janitor saves and invests nothing more than what is now taken directly from his wages by Social Security. Obviously, if the janitor's employer were also relieved of having to pay \$1,648.33 annually to Social Security on behalf of this janitor, the janitor's salary would rise, enabling him to save even more during his work-life and, thus, further increasing his ability to provide for his retirement far better than Social Security does.

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* <http://www1.salary.com/Janitor-Salaries.html>

** <https://www.ssa.gov/planners/retire/AnypiaApplet.html>

